

## 2000 Corporation Estimated Tax Payment

Obtain additional information or assistance, tax forms and instructions, and copies of tax rulings and tax procedures by contacting one of the numbers listed below:

Phoenix	(602) 255-3381
Nationwide, toll-free	(800) 352-4090
Form Orders	(602) 542-4260
Forms by Fax	(602) 542-3756
Recorded Tax Information	
Phoenix	(602) 542-1991
Other Arizona areas, toll-free	(800) 845-8192
Hearing impaired TDD user	
Phoenix	(602) 542-4021
Other Arizona areas, toll-free	(800) 397-0256

Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's Internet home page at:

[www.revenue.state.az.us](http://www.revenue.state.az.us)

complete the department's electronic funds transfer authorization agreement at least 30 days prior to the first applicable transaction.

Obtain additional information concerning the Arizona electronic funds transfer program by contacting the EFT Helpline at (800) 572-7037 (nationwide toll-free) or at (602) 542-2040 in Phoenix. The FAX line is (602) 542-3605.

### Who Is Required To Make Estimated Tax Payments

Entities filing Forms 99T, 120, 120A, and 120S that expect an Arizona tax liability for the taxable year of at least \$1,000 are required to make Arizona estimated tax payments.

*A unitary group of corporations filing a combined return on Form 120 must make estimated tax payments on a combined basis. Therefore, a unitary group, as a single taxpayer, must make estimated tax payments if its Arizona tax liability for the taxable year is at least \$1,000.*

*An Arizona affiliated group filing a consolidated return pursuant to ARS § 43-947 on Form 120 must make estimated tax payments on a consolidated basis. Therefore, an Arizona affiliated group, as a single taxpayer, must make estimated tax payments if its Arizona tax liability for the taxable year is at least \$1,000.*

### When To Make Estimated Tax Payments

Calendar year and fiscal year basis taxpayers are required to make their Arizona corporate estimated tax payments by the 15th day of the 4th, 6th, 9th, and 12th months of the taxable year. If the installment due date falls on a weekend or legal holiday, the payment is considered timely if made on the next business day.

### Computation of Required Installments of Estimated Tax on Form 120W

Taxpayers should use Form 120W, *Estimated Tax Worksheet for Corporations*, to compute the amount of the required installments of estimated tax.

### Underpayment of Required Installments of Estimated Tax

If the taxpayer is required to make Arizona corporate estimated tax payments, penalty and interest will be imposed on any required installment that is late or underpaid.

### Recomputing Required Installments of Estimated Tax

If the taxpayer, after paying one or more required installments of estimated tax, finds that its tax liability for the taxable year will be more or less than originally estimated, the taxpayer should recompute its required installments. If earlier installments were underpaid, the taxpayer may be subject to penalty and interest for underpayment of estimated tax.

If a new estimate is made, the required installments payable on or after the date of the new estimate should be adjusted. An immediate "catch-up" payment should be made to reduce the amount of any penalty and interest resulting from the

## General Instructions

### Who Should Use Form 120ES

This form should be used by entities filing Forms 99T, 120, 120A, and 120S that are required to make Arizona estimated tax payments. The taxpayer should not use Form 120ES if the taxpayer makes its required installments of estimated tax by electronic funds transfer.

**S corporations and partnerships** must use Form 140ES to make voluntary estimated tax payments on a composite basis on behalf of nonresident individual shareholders or nonresident individual partners participating in the filing of a composite return on Form 140NR. Refer to Arizona Individual Income Tax Ruling ITR 97-1 for additional information regarding composite returns.

### Estimated Tax Payments by Electronic Funds Transfer

Refer to ARS § 42-1129 and the related Arizona Administrative Code rules (AAC R15-10-301 through R15-10-307) for detailed information regarding electronic funds transfer.

Effective for taxable years beginning on or after January 1, 1997, taxpayers whose Arizona corporate income tax liability for the preceding taxable year was \$20,000 or more must make Arizona corporate estimated tax payments via the electronic funds transfer program. **If the taxpayer makes its estimated tax payments by electronic funds transfer (EFT), the taxpayer should not submit the Form 120ES to the department.**

Taxpayers required to make estimated tax payments via electronic funds transfer must complete the department's electronic funds transfer authorization agreement at least 30 days prior to initiation of the first applicable transaction.

Taxpayers whose Arizona corporate income tax liability for the preceding taxable year was less than \$20,000 may elect voluntary participation in the electronic funds transfer program. Voluntary participants in the program must

underpayment of any earlier installments, whether caused by a change in estimate, failure to make a payment, or a mistake.

### **Completing Form 120ES**

Complete the form in its entirety to ensure the proper application of the estimated tax payment.

Enter the following information on Form 120ES:

- ending date of the taxable year for which the payment is made (in an MM/DD/YYYY format);
- sequence number of the estimated tax payment;
- taxpayer name, address and federal employer identification number (FEIN) as it will appear on the tax return;
- amount of the estimated tax payment (in whole dollars).

Check the applicable box on the form if the estimated tax payment applies to a taxable year for which:

- the taxpayer will file an initial return under the name and FEIN listed; or
- the name, address or FEIN listed is different than the name, address or FEIN under which the preceding taxable year's return was filed. If the FEIN has changed, list the prior FEIN.

### **Rounding Dollar Amounts**

Taxpayers must round amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar. If less than 50 cents, round down.

## 2000 Estimated Tax Worksheet for Corporations

Obtain additional information or assistance, tax forms and instructions, and copies of tax rulings and tax procedures by contacting one of the numbers listed below:

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### General Instructions

#### Who Is Required To Make Arizona Estimated Tax Payments

Entities filing Forms 99T, 120, 120A, or 120S that expect an Arizona tax liability for the taxable year of at least \$1,000 are required to make Arizona estimated tax payments.

*A unitary group of corporations filing a combined return on Form 120 must make estimated tax payments on a combined basis. Therefore, a unitary group, as a single taxpayer, must make estimated tax payments if its Arizona tax liability for the taxable year is at least \$1,000.*

*An Arizona affiliated group filing a consolidated return pursuant to ARS § 43-947 on Form 120 must make estimated tax payments on a consolidated basis. Therefore, an Arizona affiliated group, as a single taxpayer, must make estimated tax payments if its Arizona tax liability for the taxable year is at least \$1,000.*

#### Rounding Dollar Amounts

Taxpayers must round amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar. If less than 50 cents, round down.

### Line-by-Line Instructions

All taxpayers who are required to make estimated tax payments should use Form 120W to compute the required annual payment of estimated tax and the required installments.

#### Line 1 - Arizona Tax Liability

This amount is the taxpayer's estimated tax liability for the current taxable year. The Arizona tax liability is determined as follows: (a) Forms 120, 120A, and 120S filers - income tax plus tax from recapture of tax credits less tax credits and the Clean Elections Fund tax reduction plus correctional industries recapture tax less the Clean Elections Fund tax credit; or (b) Form 99T filers - income tax less the Clean

Elections Fund tax reduction and Clean Elections Fund tax credit.

**Claim of right adjustments:** A taxpayer that computes its tax liability under the claim of right provisions should base its estimated tax liability on the net tax liability computed under the claim of right provisions.

**Clean Elections Fund adjustments:** A taxpayer that reduces its tax liability by directing five dollars of tax to the Clean Elections Fund or claiming a tax credit for a donation to the fund should base its estimated tax liability on the net tax liability computed after these adjustments.

**FORM 120 FILERS:** *Taxpayers who made a retroactive election to file on a consolidated basis for taxable years 1986 through 1993, and who have a consolidation tax payment credit available from those taxable years, may base their required installments for taxable years beginning July 1, 1995, or later on their computed Arizona tax liability reduced by the available credit. The maximum amount of credit that can be used in any taxable year is 10 percent of the total credit or the amount of the tax liability (after the Clean Elections Fund tax reduction and tax credit), whichever is less.*

#### Line 2 - Required Annual Payment

The Arizona required annual payment of estimated tax is the smaller of:

- *All taxpayers* - Ninety percent of the taxpayer's Arizona tax liability (after the Clean Elections Fund tax reduction and tax credit) for the current taxable year; **or**
- *Forms 99T, 120, and 120A* - one hundred percent of the taxpayer's Arizona tax liability (after the Clean Elections Fund tax reduction and tax credit) for the prior taxable year.

*Form 120S* - an amount (after the Clean Elections Fund tax reduction and tax credit) equal to the sum of: (a) ninety per cent of the portion of the current taxable year's Arizona tax liability that is attributable to built-in gains income or certain capital gains income; and (b) one hundred percent of the portion of the prior taxable year's Arizona tax liability that is attributable to excess net passive income.

**NOTE:** *Forms 99T, 120, and 120A filers must meet certain conditions in order to make estimated tax payments equal to one hundred percent of the prior taxable year's tax liability. (See instructions for line 2b.)*

*Form 120S filers may not use one hundred percent of the prior taxable year's tax liability. In addition, Form 120S filers must meet certain conditions in order to make estimated tax payments equal to the amount calculated in (2) above. (See instructions for line 2c.)*

#### Line 2a - (All Taxpayers)

Multiply line 1 by 90%. Enter the result on line 2a.

**Line 2b - (Forms 99T, 120 and 120A)**

Determine the amount of the taxpayer's Arizona tax liability (after the Clean Elections Fund tax reduction and tax credit) from the prior taxable year - 1999 Form 99T, line 7; 1999 Form 120, line 26; 1999 Form 120A, line 18. Enter this amount on line 2b.

DO NOT COMPLETE THIS LINE IF: (1) a return was not filed for the 1999 taxable year showing at least some amount of tax liability (an amount greater than zero); OR (2) the 1999 taxable year was a period of less than twelve months. Skip line 2b and enter the amount from line 2a on line 2d.

**Line 2c - (Form 120S)**

Enter an amount (after the Clean Elections Fund tax reduction and tax credit) on line 2c that is the sum of:

- Ninety percent of the portion of the 2000 Arizona tax liability that is attributable to built-in gains income or certain capital gains income; plus
- One hundred percent of the portion of the 1999 Arizona tax liability that is attributable to excess net passive income.

DO NOT COMPLETE THIS LINE IF the 1999 taxable year was a period of less than twelve months. Skip line 2c and enter the amount from line 2a on line 2d.

**Line 2d - (All Taxpayers)**

*Forms 99T, 120, and 120A:* Enter the smaller of line 2a or line 2b (if an amount was entered on line 2b).

*Form 120S:* Enter the smaller of line 2a or line 2c (if an amount was entered on line 2c).

**Line 3 - Installment Due Dates**

*Calendar year basis taxpayers:* Enter 4/17/2000, 6/15/2000, 9/15/2000, and 12/15/2000, respectively, in columns (a) through (d).

*Fiscal year basis taxpayers:* Enter the 15th day of the 4th, 6th, 9th, and 12th months of the taxable year in columns (a) through (d). If the installment due date falls on a weekend or legal holiday, the payment is considered timely if made on the next business day.

**NOTE:** For short period returns, enter the installment due dates and number of installments required by the Internal Revenue Service.

**Line 4 - Required Installments**

When making estimated tax payments, be sure to take into account any 1999 overpayment that the taxpayer chose to credit against its 2000 Arizona tax liability.

**Annualized Income Installment Method and/or Adjusted Seasonal Installment Method**

If the taxpayer's income is expected to vary during the taxable year because, for example, it operates its business on a seasonal basis, it may be able to lower the amount of one or more required installments by using the annualized income

installment method or the adjusted seasonal installment method.

Use Schedule A to calculate the amount of one or more required installments using one or both of these methods. If Schedule A is used for any payment date, it must be used for all payment due dates.

Use Schedule A to arrive at the amount of each required installment and to select the lesser of:

- the annualized income installment;
- the adjusted seasonal installment (if applicable); or
- the regular installment (25% of the required annual payment) increased by any reduction recapture under IRC § 6655(e)(1)(B).

**Instructions for "Large Corporations" (Forms 120 and 120A)**

"Large corporation" means a corporation or unitary group of corporations if the corporation, or a predecessor corporation, had federal taxable income of one million dollars or more for any of the immediately preceding three taxable years, excluding any federal net operating loss or capital loss carrybacks or carryovers. An Arizona affiliated group filing a consolidated return pursuant to ARS § 43-947 is treated as a single corporation for purposes of applying the large corporation definition.

**A.** If the taxpayer DOES NOT USE the annualized income installment method or the adjusted seasonal installment method, follow the instructions below to compute the amounts to enter on Form 120W, line 4.

If line **2a** is **less than** line **2b**:

- Enter 25 percent of line 2a in columns (a) through (d) of line 4.

If line **2b** is **less than** line **2a**:

- Enter 25 percent of line 2b in column (a) of line 4.
- Determine the amount to enter in column (b) as follows:
  - (i) Subtract line 2b from line 2a,
  - (ii) Add the result to the amount on line 2a, and
  - (iii) Multiply the total in (ii) above by 25 percent.
- Enter 25 percent of line 2a in columns (c) and (d).

**B.** If the taxpayer DOES USE the annualized income installment method and/or the adjusted seasonal installment method, use the following instructions to determine the amounts to enter on the Form 120W Schedule A, Part III, line 48, columns (a) through (d). Then complete the remainder of the lines in Part III of Schedule A. Enter the amounts from Schedule A, Part III, line 52, columns (a) through (d) on Form 120W, line 4, columns (a) through (d).

If Form 120W, line **2a** is **less than** line **2b**:

- Enter 25 percent of line 2a in columns (a) through (d) of Schedule A, Part III, line 48.

If Form 120W, line 2b is **less than** line 2a:

- Enter 25 percent of line 2b in column (a) of Schedule A, Part III, line 48.
- Determine the amount to enter in column (b) of Schedule A, Part III, line 48 as follows:
  - (i) Subtract line 2b from line 2a,
  - (ii) Add the result to the amount on line 2a, and
  - (iii) Multiply the total in (ii) above by 25 percent.
- Enter 25 percent of line 2a in columns (c) and (d) of Schedule A, Part III, line 48.

### Form 120W Schedule A

Follow the steps below to determine which parts of the Form 120W Schedule A to complete.

- If only the annualized income installment method is used, complete Parts I and III of Schedule A.
- If only the adjusted seasonal installment method is used, complete Parts II and III of Schedule A.
- If both methods are used, complete all three parts of Schedule A.
- All taxpayers: In each column on Form 120W, line 4, enter the amounts from the corresponding column of line 52 of Schedule A.

**CAUTION:** Do not compute any required installment until after the end of the month preceding the due date for that installment.

### Part I - Annualized Income Installment Method

#### Line 1 - Annualization Periods

Enter the annualization period that the taxpayer is using in the space on line 1, columns (a) through (d), respectively.

Forms 120, 120A, and 120S				
	1st Installment	2nd Installment	3rd Installment	4th Installment
Standard option	3	3	6	9
Option 1	2	4	7	10
Option 2	3	5	8	11

Form 99T				
	1st Installment	2nd Installment	3rd Installment	4th Installment
Standard option	2	3	6	9
Option 1	2	4	7	10

#### Line 3 - Annualization Amounts

Enter the annualization amounts for the option used on line 1 above.

Forms 120, 120A, and 120S				
	1st Installment	2nd Installment	3rd Installment	4th Installment
Standard option	4	4	2	1.33333
Option 1	6	3	1.71429	1.2
Option 2	4	2.4	1.5	1.09091

Form 99T				
	1st Installment	2nd Installment	3rd Installment	4th Installment
Standard option	6	4	2	1.33333
Option 1	6	3	1.71429	1.2

#### Line 5 - Calculate the Tax

Calculate the tax on the amount in each column using the instructions for Form 99T, line 4; or Form 120, line 16; or Form 120A, line 8; or Form 120S, line 12.

#### Line 6 - Recapture of Tax Credits

Enter the tax from the recapture of the environmental technology facility credit and/or the recycling equipment credit. Calculate this amount using the instructions for Form 120, line 17; or Form 120A, line 9; or Form 120S, line 13. Form 99T filers, enter zero.

#### Line 8 - Clean Elections Fund Tax Reduction

Enter the amount of the Clean Elections Fund tax reduction, if applicable. Refer to the instructions for Form 99T, line 5; or Form 120, line 19; or Form 120A, line 11; or Form 120S, line 15.

#### Line 9 - Tax Credits

Enter the tax credits to which the taxpayer is entitled because of events that occurred during the months shown in the column headings used to calculate annualized taxable income. Calculate this amount using the instructions for Form 120, line 20; or Form 120A, line 12; or Form 120S, line 16. Form 99T filers, enter zero.

#### Line 11 - Correctional Industries Recapture Tax

Enter the amount of the correctional industries recapture tax, if applicable. Refer to the instructions for Form 120, line 23; or Form 120A, line 15; or Form 120S, line 19. Form 99T filers, enter zero.

#### Line 13 - Clean Elections Fund Tax Credit

Enter the amount of the Clean Elections Fund tax credit, if applicable. Refer to the instructions for Form 99T,

line 6; or Form 120, line 25; or Form 120A, line 17; or Form 120S, line 21.

#### **Line 14 - Arizona Tax Liability After Clean Elections Fund Tax Credit**

Subtract line 13 from line 12. Enter the difference.

**FORM 120 FILERS:** *Taxpayers who made a retroactive election to file on a consolidated basis for taxable years 1986 through 1993, and who have a consolidation tax payment credit available from those taxable years, may base their required installments for taxable years beginning July 1, 1995, or later on their computed Arizona tax liability reduced by the available credit. The maximum amount of credit that can be used in any taxable year is 10 percent of the total credit or the amount of the tax liability (after the Clean Elections Fund tax reduction and tax credit), whichever is less.*

#### **Line 17 - Cumulative Installments**

Complete column (a) before completing columns (b) through (d). Before completing line 17 in columns (b) through (d), complete the following items in each of the preceding columns: line 18; Part II (if applicable); and Part III.

EXAMPLE: Complete line 18, Part II (if using the adjusted seasonal installment method), and Part III, in column (a) before completing line 17 in column (b).

#### **Part II - Adjusted Seasonal Installment Method**

Do not complete this part unless the taxpayer's base period percentage for any six consecutive months of the taxable year equals or exceeds 70 per cent. The term "base period percentage" for any period of six consecutive months is the average of the three percentages calculated by dividing the taxable income for the corresponding six consecutive month period in each of the three preceding taxable years by the taxable income for each of their respective taxable years.

#### **Line 28 - Calculate the Tax**

Calculate the tax on the amount in each column using the instructions for Form 99T, line 4; or Form 120, line 16; or Form 120A, line 8; or Form 120S, line 12.

#### **Line 35 - Recapture of Tax Credits**

Calculate the tax from the recapture of the environmental technology facility credit and/or the recycling equipment credit. Use the instructions for Form 120, line 17; or Form 120A, line 9; or Form 120S, line 13. Form 99T filers, enter zero.

#### **Line 37 - Clean Elections Fund Tax Reduction**

Enter the amount of the Clean Elections Fund tax reduction, if applicable. Refer to the instructions for Form 99T, line 5; or Form 120, line 19; or Form 120A, line 11; or Form 120S, line 15.

#### **Line 38 - Tax Credits**

Enter the tax credits to which the taxpayer is entitled because of events that occurred during the months shown in the column headings above line 19. Calculate this amount using

the instructions for Form 120, line 20; or Form 120A, line 12; or Form 120S, line 16. Form 99T filers, enter zero.

#### **Line 40 - Correctional Industries Recapture Tax**

Enter the amount of the correctional industries recapture tax, if applicable. Refer to the instructions for Form 120, line 23; or Form 120A, line 15; or Form 120S, line 19. Form 99T filers, enter zero.

#### **Line 42 - Clean Elections Fund Tax Credit**

Enter the amount of the Clean Elections Fund tax credit, if applicable. Refer to the instructions for Form 99T, line 6; or Form 120, line 25; or Form 120A, line 17; or Form 120S, line 21.

#### **Line 43 - Arizona Tax Liability After Clean Elections Fund Tax Credit**

Subtract line 42 from line 41. Enter the difference.

**FORM 120 FILERS:** *Taxpayers who made a retroactive election to file on a consolidated basis for taxable years 1986 through 1993, and who have a consolidation tax payment credit available from those taxable years, may base their required installments for taxable years beginning July 1, 1995, or later on their computed Arizona tax liability reduced by the available credit. The maximum amount of credit that can be used in any taxable year is 10 percent of the total credit or the amount of the tax liability (after the Clean Elections Fund tax reduction and tax credit), whichever is less.*

#### **Line 45 - Cumulative Installments**

Complete column (a) before completing columns (b) through (d). Before completing line 45 in columns (b) through (d), complete lines 46 through 52 in each of the preceding columns.

EXAMPLE: Complete lines 46 through 52 in column (a) before completing line 45 in column (b).